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**FISCAL IMPACT STATEMENT**

**LS 7076**

**BILL NUMBER:** HB 1266

**NOTE PREPARED:** Feb 4, 2004

**BILL AMENDED:** Feb 4, 2004

**SUBJECT:** Internet-Based Public Purchasing.

**FIRST AUTHOR:** Rep. Ayres

**FIRST SPONSOR:**

**BILL STATUS:** 2<sup>nd</sup> Reading - 1<sup>st</sup> House

**FUNDS AFFECTED:** ☒ GENERAL  
☒ DEDICATED  
☒ FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill authorizes the Department of Administration to establish Internet sites designed to facilitate state and local public purchasing of property and supplies. It requires the Department of Administration to establish rules and fees for the use of Internet purchasing sites in cooperation with the Intelnet Commission and the State Board of Accounts. The bill permits a purchasing entity to conduct on-line reverse auctions for purchases of property and supplies. The bill also authorizes county, municipal, and school corporation purchasing agencies to purchase property and supplies through the internet or by means of a reverse auction. It establishes procedures governing the conduct of an on-line reverse auction. The bill requires that Internet purchasing sites be operational before January 1, 2005.

**Effective Date:** Upon passage; July 1, 2004.

**Explanation of State Expenditures:** The state has purchased a financial system from the PeopleSoft corporation and is in the process of implementing the procurement module for the state. By February 2, 2004, most state agencies should be trained on the procurement system.

The state could incur some additional cost in obtaining the expansion of the PeopleSoft license and additional hardware to facilitate the on-line reverse auction component of the bill.

The bill allows the Department of Administration to charge a user fee paid by bidders using the Internet purchasing site or the reverse auction option.

Assuming the user fees cover the additional costs, the bill could reduce state and local expenditures by providing greater purchasing options.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** *See Explanation of State Expenditures.*

**Explanation of Local Revenues:**

**State Agencies Affected:** All Agencies.

**Local Agencies Affected:** Counties, Municipalities, and School Corporations.

**Information Sources:** Jeff Underwood, Department of Administration, 317-234-2409.

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